

FY 2011 LHD Contracts

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CH-53M

Most common problems

- Third Party Billing (TPB) language
- Wording
- Payment amount
- Multiple Contracts
- Billing issues onsite/offsite



Contract Requirements

- Service Type
- Contract Description
- Provider Credentials
- Scope of Work
- CH-55
- Compensation/Payment
- Billing Procedures



Service Type

Examples include, but not limited to:

- ARNP Services,
- Breastfeeding Peer Counselor
- Radiological Services,
- Lab Services,
- Interpreter,
- Physician Services and
- Administrative Services



Contract Description

A detailed description of the services is required.



Provider Credentials

Example:

Dr. Jones is a licensed physician in the state of Kentucky. Credentials will be kept on file and updated on a yearly basis or as changes arise.



Provider Credentials

Another Example:

The Nutritionist will have the following credentials:

A bachelor's degree from an accredited college with a major in public health, dietetics or home economics.



CH-55

Attach Medicaid Statement of Authorization (CH-55) for each medical provider under contract that the LHD is billing Medicaid for services provided.

For example, a physician performing services on-site would complete a CH-55.



CH-55

AFM **strongly recommends** if the Contractor is a Medicaid provider, that the Contractor bill for the services done at their site.

If the Contractor bills Medicaid, the CH-55 **does not need** to be included with the agreement.



CH-55

For those LHDs who do contract to bill Medicaid on behalf of a Contractor, the CH-55 **is required** and **shall** be attached to the CH-53M.

When the Contractor signs the CH-55, they are allowing the LHD to bill Medicaid for the services they provide. This authorization from the Contractor should help prevent duplicate payments due to the health department and provider both billing Medicaid for the same services.



Onsite/Offsite services

LHDs who have a Contractor come on-site to deliver services, but the Contractor does their own third party billing for services not provided at the LHD, those LHDs would need two (2) provider numbers.

For example, a provider number is needed if the health department is responsible for the billing when a doctor performs services onsite (20111). Another provider number is needed if the same contractor is responsible for the billing if a service is performed offsite (20112).



Third Party Billing

The contract **MUST** include a “Y” or “N” at the top of the page **AND** language **IN** the contract stating who is responsible for the TPB.

See example on next slide.



Third Party Billing

- If “Y” is marked at the top of the page –
 - State in the contract “The contractor will be responsible for billing all third parties”.
- If “N” is marked at the top of the page -
 - State in the contract “The contractor will not be responsible for billing all third parties”.



Third Party Billing

Please review the WHOLE contract for third party billing language. Whether the contractor is responsible for the TPB **MUST BE CONSISTENT** throughout the contract. Please check ALL templates, I.E., General Provider Requirements and Mammography Provider Requirements for consistent language.

If the language is missing or is inconsistent, the contract will be sent back for a revision.



Third Party Billing

For example, if “N” is marked at the top of the page, check ALL templates for the proper language. If a template states that the contractor is responsible for the third party billing, the contract will be sent back for a revision.



Third Party Billing

If there is more than one contract included with the lead contract, TPB language is required for every contract number. For example, if the contract has numbers 20101 and 21501, a sentence is required concerning TPB responsibility under EACH contract number.



Wording/Titles

In the CH-53M template, the parties to the contract are identified as “Health Department” and “Contractor” . To make the contract enforceable, the body of the contract should refer to the parties as identified as Health Department and Contractor.

See example on next slide.



Example- Refer to page I of the contract

THIS CONTRACT, between

(Health Department)

Health Department
Address
City, State, Zip Code

and

(Contractor)

Contractor's Name
Address
City, State, Zip Code

is effective {date } and ends {No later than June 30}, 2010.

**USE THE TITLES “Health Department” and
“Contractor” THROUGHOUT THE CONTRACT.**



Example

Dr. Smith agrees to furnish the **ABC Health Department** copies of the prenatal office visits on all Prenatal Patients of the Health Department on a timely basis following each prenatal visit.

WRONG

The **Contractor** agrees to furnish the **Health Department** copies of the prenatal office visits on all Prenatal Patients of the Health Department on a timely basis following each prenatal visit.

RIGHT



Example

Second Party agrees to furnish the **First Party** copies of the prenatal office visits on all Prenatal Patients of the Health Department on a timely basis following each prenatal visit.

WRONG

The **Contractor** agrees to furnish the **Health Department** copies of the prenatal office visits on all Prenatal Patients of the Health Department on a timely basis following each prenatal visit.

RIGHT



Payment Information

Without an amendment, total payments (CH-53M) can be 20% greater than the total contract.

See example on next slide. Refer to last page of CH-53M template.

Example

1. This Payment made under the terms of each section of this contract shall not exceed:

Contract Section #
0931520123

Amount
\$19,800.00

2. For the services described in this contract, the Health Department agrees to pay the Contractor in the following manner, within 90 days, payable upon receipt of appropriate billing.
3. The total payments made under the terms of this contract shall not exceed **\$22,000.00.**

\$19,800 X 1.2 = \$23,760

Payment in #3 cannot exceed \$23,760



Multiple Contracts

Question – Can there be more than one contract with the same contractor?

Answer – Yes. The health department will have a lead contract and the others will be attached. Third party billing language must be included for EACH contract. See previous slides concerning third party billing.



Information Page

- Please remember to save the information page on the L drive.
- Please use the information page template or the saved copy on the L drive.



Labs

The independent contractor will be responsible for billing all third parties for lab services (250 minor object code).

THIS IS A NEW REQUIREMENT.

Other Issues/Contracts





CH-51 Requirements

- Service type
- Contract description
- Provider credentials
- Scope of work
- Compensation/Payment
- Payment time period
- Contract value
- Retirement issue



CH-51

Please remember to mark whether the employee is receiving retirement benefits or not on the last page of the contract. Review example below.

The Employee certifies that he/she is ___ or is not ___ receiving any retirement benefits from the Kentucky State Employees Retirement System or any other retirement system supported either fully or partially by the Commonwealth of Kentucky.



Can Contract Employees work more than 1,200 hours?

YES: With the approval of DPH, per 902 KAR 8:170 Section 4(c). Retirement and insurance may impact the cost to LHD and employee. If a retiree that participates in KRS, were to average more than 1,200 hours per year (fiscal or calendar), the LHD Payroll System would pay into retirement, not the employee.



1,200 hours, cont.

ALL RETIREES should check with Retirement before entering into a contract to protect their retirement benefits.

Entering into the contract too early could jeopardize their retirement.



1,200 hours, cont.

If the employee plans to work more than 1,200 hours total, the expense should be added to the LHD retirement and insurance benefits.

Please remember to mark whether the employee is receiving retirement benefits or not on the last page of the CH-51 contract. Please refer to a prior slide for the example.



Contracting with Individuals

While the conservative method to contract with an individual is to use the CH-51, Employment Contract, employees should not contract with more than one LHD. If the individual is working at more than one LHD, one LHD should contract with the employee and subcontract the employee's services out to other LHDs.



Contracting with Individuals

902 KAR 8:170, Section 7 (4b)

Cannot Eliminate a FT Merit position

902 KAR 8:160, Section 3, 2d

Multiple Agency contracting



Where are the templates located?

The most recent templates are located at:

L:\LHDBudgets\CONTRACTS I I

Please make note that the dates have been removed at the top of the pages. It only shows the contract number. However, you will need to add the effective date.



Why are there shaded areas in the templates?

The shaded areas need to be filled in by the health department. They contain reminders and suggestions for wording and/or content.



CH-52

- A CH-52 was created by DPH to provide a standardized template as it relates to 902 KAR 8:170(13a) “A local health department may enter into a contract with a public or private entity to provide needed health services .A standard contract form may be used for these types of contracts.”
- CH-52 is used for agreements between LHDs & Boards of Education **and** for Payor Code 8 agreements.



Contracting with school districts

The words “School-based clinics and School-based health services” cannot be used in the contract.

Health departments can contract for school sites that are health department “satellite sites”.



Contracting with school districts

“School- based health services” are described in 907 KAR 1:175 and are the **FEDERAL Medicaid Services**, under **Disabilities Education Act**, required of schools. The services provided at satellite clinics by health departments are billed to **KY Preventive Medicaid**.



Contracting with school districts

The title “School Health Coordinator” **CANNOT** be in the contract. This is a position of KDE that is funded per school district, but contract **CAN** say “school nurse/liaison”.



Contracting with school districts

Health Department
will provide staff for
a **School Based
Clinic** at Corner
Elementary School.

WRONG

Health Department
will provide staff for
a **Satellite Site
Clinic** at Corner
Elementary School.

RIGHT



Contracting with school districts

To function as the
**School Health
Coordinator** for
the County Board
of Education in
coordinating health
care for all students
in the County
School system.

WRONG

To function as the
**School
Nurse/Liaison** for
the County Board of
Education in
coordinating health
care for all students
in the County School
system.

RIGHT



Payor Code 8

- Payor Code 8 Agreements should be between the LHD and a public or private entity.
- Payor Code 8 Agreements should never be with an individual, unless they are the public or private entity.
- Through Payor Code 8 Agreements, LHDs have the ability to negotiate rates for services with the public or private entity.



Payor Code 8

- A Business Associate Agreement (BAA) should also accompany the initial Payor Code 8 Agreement.
- Payor Code 8 Agreements shall be completed on a fiscal year basis; after the initial BAA, another would not need to be completed unless there is a significant change.



Payor Code 8

- A Payor Code 8 Agreement **shall** be completed **prior** to providing services.
- LHDs should assign a Contract Code for each entity with whom they have a Payor Code 8 Agreement
- Contract Codes should be entered into the “CnctC” field on PEF entry and “P8” should be entered in the over-ride section for each CPT code.



Payor Code 8

- Rates negotiated by the LHDs that are “higher” than the system assigned rates may be over-ridden without submitting a request to AFM.
- A rate is required for services rendered and an appropriate audit trail should be documented. Invoices **shall not** be setup as “0”.



Administrative Reference

Contract information can be found in
Volume I, Section VI: Financial
Management



Personal Service Contracts

One of the powers of local health departments is to contract for services of a professional or technical nature not available through the local health department merit system. The two types of personal service contracts are Payroll/Employment (CH-51) and Independent Contracts (CH-53M).



Personal Service Contracts

If a contract with an individual is submitted, and the services are available through the LHD Merit system, the contract will not be reviewed and the health department will be instructed to obtain the services through the LHD Merit System.



When are contracts due?

No later than May 15 of each year.



How should the contract be filed?

The final FY 10 contract will be saved on the L drive in the health departments budget10 folder, contracts10 folder.

Use this as your template for FY11 contracts. Make sure to update the contract number, effective date and use revised program templates. Once you have completed the contract, save in the Budget11 folder, Contracts11 folder and contact Tammy Page via e-mail.

tammy.page@ky.gov



Filing contracts

Please DO NOT e-mail your contracts. If you have any questions concerning this procedure, feel free to contact me at 502-564-6663, x-3259 or e-mail at tammy.page@ky.gov



What if my contract is less than \$10,000

The Administrative Reference states
“Contracts must be prepared and executed on amounts of \$9,999.99 or less when required by 902 KAR 8:170.”

However, all contracts, regardless of amount should be saved on the L drive.



Less than \$10,000

The Administrative Reference **REQUIRES** that the health department send a list of contracts that are less than \$10,000 with the following information:

- Provider name,
- Contract number,
- Who is responsible for the Third Party Billing (not a yes or no)
- Cost Center

Example

Contract #	Provider Name	Cost Center	Amount	TPB
20101	Doctor	718,813	\$4,500	HD
20205	Doctor	813	\$3,500	Contractor
24502	Radiology	803,813	\$8,000	Contractor
25010	Lab	813	\$3,500	Contractor



Board of Health Member Contracts

Please refer to the Administrative Reference and 902 KAR 8:170, Section 7,7.

Please contact Dr. Davis, Deputy Commissioner of Department for Public Health for additional questions.



Reminders

Before sending the contract, check the following:

Minor Object Code – for example, 250 is for labs.

Effective dates – for example, July 1, 2010-June 30, 2011.

Payment amounts – please refer to earlier slides



Corrections

When making corrections, please replace the old contract with the corrected contract. There should only be ONE copy of each contract on the L drive.



Red Flag Rules

The Red Flags Rule is a Federal Trade Commission regulation aimed at preventing or mitigating identity theft. Full compliance and enforcement is required by June 1, 2010.



Red Flag Rules

Your written identity theft program must be approved by your Board of Health.

Your board must be involved in the development, implementation, and administration of the program and must reevaluate the program at least annually.

You must train your staff to implement the program effectively.



Red Flag Rules

Red Flag Rules language should be added to your Business Associate Agreements, per the Office of Legal Services.

The required language for the Red Flag Rules have been added to all contract templates which can be found on the L drive.



Red Flag Rules

THIRD PARTY CONTRACTS TEMPLATE

The Contractor, and all its agents, employees and subcontractors, shall adhere to and comply with any and all applicable requirements of Section 114 of the Fair and Accurate Credit Transactions Act of 2003 (15 U.S.C. 1681m (e)); the administrative regulations promulgated thereto, including but not limited to 16 C.F.R. Part 681 (the “Red Flags Rule”); and any written identity theft prevention program developed and implemented by the Local Health Department and/or the Kentucky Department for Public Health. Additionally, the Contractor shall indemnify and hold harmless the Local Health Department, the Kentucky Department for Public Health, and their agents, representatives, officers, directors, employees, insurers, successors, and assigns from and against any and all expenses, costs (including attorneys’ fees), causes of action, liability, loss and/or damages suffered or incurred by any of them, that results from or arises out of any acts, errors, or omissions of the Contractor, or its agents, employees, or subcontractors, that violate Section 114 of the Fair and Accurate Credit Transactions Act of 2003; any administrative regulations promulgated thereto, including but not limited to the Red Flags Rule; or any written identity theft prevention program developed and implemented by the Local Health Department or the Kentucky Department for Public Health.



HIPAA

All contracts continue to have the HIPAA language. However, be sure to have a Business Associate Agreement completed with ALL vendors.

Examples include custodial services, auditors, physicians, hospitals, etc.



Do Nots

- **Do Not** include Social Security numbers on the contract.
- **Do Not** create a new Contracts folder. Use the Contracts I I folder that has been created by AFM.



Provider Numbers

- Contract provider numbers are assigned by LHO. Contact Tammy Page for new provider numbers or to update the provider name.
- Assigned by LHO ONLY.



Website

For information concerning the FYI I contracts, please visit the following website:

<http://chfs.ky.gov/dph/Local+Health+Department.htm>

and click on FYI I contract information on the right to access the FAQ, PowerPoint and templates.

If all else fails!

Contact Tammy Page and/or Janet Overstreet at 502-564-6663.

